

# MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## DIVISION OF CREDIT UNIONS

### NEWSLETTER

Volume 1, Number 5      June 8, 1999

#### **CREDIT UNION COMMISSION HOLDS THIRD MEETING**

The Credit Union Commission held their third meeting June 3<sup>rd</sup>. All commission members were present except Lori Levine. Representatives from the Missouri Attorney General's office, Missouri Credit Union League, the Department of Economic Development and the Division of Credit Unions were also present.

The Commission approved five rules and requested staff to strengthen language required to support the rules' submission as emergency rules. The next step in the rule making process is approval of the five rules by the Department of Economic Development and their submission to the Secretary of State. If the rules are accepted by the Secretary of State as emergency rules, they will be published in the Missouri Register and become effective ten days from the date of publication.

The Commission also approved submission of the five rules for the regular review and comment process, which will take an estimated six months.

Due to the additional work required to strength language in support of adoption of the rules as an emergency, the July 15<sup>th</sup> date for acceptance of credit union's field of membership expansions by the Division of Credit Unions may not occur until after August 1.

The five rules as approved by the commission are:

**Title 4—DEPARTMENT OF  
ECONOMIC DEVELOPMENT**  
**Division 105—Credit Union Commission**  
**Chapter 1—Organization and Description**

#### **PROPOSED RULE**

#### **4 CSR 105-1.010 General Organization**

**PURPOSE:** The purpose of this rule is to comply with section 536.023, RSMo Supp. 1998, which requires each agency to adopt as a rule a description of its operation and the manner in which the public may obtain information or make submissions or requests.

- (1) The Credit Union Commission determines appeals from certain decisions of the Director of the Division of Credit Unions, provides the Director of the Division of Credit Unions advice on matters pertaining to the organization, operation, and supervision of credit unions and approves or disapproves each regulation proposed by the Director of the Division of Credit Unions.
- (2) The Credit Union Commission is a bipartisan commission consisting of seven (7) individuals appointed by the governor with the advice and consent of the senate. Four (4) of the commission members are required to have certain credit union experience, two (2) must be individuals that are not involved in the administration of a financial institution, and one (1) of the seven (7) members must be an attorney.
- (3) The Credit Union Commission meets to hear appeals from certain decisions of the Director of the Division of Credit Unions pertaining to the chartering, relocation, branching, or membership of credit unions.
- (4) The public may make comments or obtain information concerning the Commission by writing to the Credit Union Commission, P.O. Box 1607, Jefferson City, MO 65102.

**AUTHORITY:** section 536.023, RSMo Supp. 1998.

**Title 4—DEPARTMENT OF  
ECONOMIC DEVELOPMENT**  
**Division 105—Credit Union Commission**  
**Chapter 2—Hearings**

#### **PROPOSED RULE**

## **4 CSR 105-2.010 Rules of Procedure**

**PURPOSE:** The Credit Union Commission was established to approve or disapprove each regulation proposed by the Director of the Division of Credit Unions; to hear and determine any appeal from an order or decision of the Director of the Division of Credit Unions pertaining to the chartering, relocation, branching or membership of credit unions; and to consult with and advise the Director on matters pertaining to the organization, operation and supervision of credit unions. This rule establishes certain rules of procedure that the Credit Union Commission will follow.

- (1) **Definitions.** As used in these rules, except as otherwise required by the context—
  - (A) Director shall mean the Director of the Division of Credit Unions;
  - (B) Commission shall mean the Credit Union Commission;
  - (C) Presiding officer shall mean the chairman who is the presiding officer of the Credit Union Commission or any other member of the Commission designated by the presiding officer to assume those duties;
  - (D) Appellants shall mean persons or entities who are appealing a decision of the Director of the Division of Credit Unions; and
  - (E) Person shall include either the singular or plural of any individual, credit union, partnership, corporation or any other legal entity. (§370.140(5))
  - (F) Secretary shall mean that Commission member chosen by the Commission.
  - (G) Intervenors shall mean persons allowed by law to intervene.
- (2) **Records of the Commission.** The secretary of the Commission shall maintain a complete record of all proceedings of the Commission. All orders issued by the Commission and all orders or other actions of the Commission shall be certified or authenticated by the secretary by his/her signature.
- (3) **Construction of Rules.** These Rules shall be liberally construed to secure just, speedy and inexpensive determination of all issues presented. These Rules may be amended at any time by the

Commission.

- (4) **Costs.** The Commission will obtain the services of a court reporter to transcribe the hearing. The costs of original and seven (7) copies of the transcript and the actual and necessary expenses incurred by the Commission in the retention of hearing officers, commission-appointed attorneys, the per diem compensation of the members of the Commission, and any other costs assessed by the Commission shall be taxed against the non-prevailing party as may be determined by the Commission.

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## **Title 4—DEPARTMENT OF ECONOMIC DEVELOPMENT Division 105 —Credit Union Commission Chapter 3—Credit Union Membership and Chartering**

### **PROPOSED RULE**

#### **4 CSR 105-3.010 Definitions**

**PURPOSE:** The purpose of this rule is to define several terms that are used in Missouri credit union law, Chapter 370, RSMo, in the manner that they will be used by the Credit Union Commission and the Division of Credit Unions when implementing Chapter 370, RSMo.

- (1) "Well defined local neighborhood, community or rural district" is defined as a city, township, county, telephone area code, zip code, metropolitan statistical area, or other geographical areas with clearly defined boundaries, and/or an area which includes persons who have common interests and interact with one another.
- (2) "Immediate family" is defined as spouse, child, sibling, parent, grandparent, grandchild, aunt, uncle, niece, nephew, cousin or legal guardian and includes step, in-law, and adoptive relationships.
- (3) "Household" is defined as persons living in the same residence who maintain a single economic unit. Included in this definition is any person who is a member of and participates in the maintenance of the household.
- (4) "Underserved Community" is defined as a local neighborhood, community or rural district that has insufficient access to credit union services.

- (5) Low income area" is defined as an area with a majority of residents who make less than 80 percent of the average for all wage earners as established by the Bureau of Labor Statistics or have annual household income at or below 80 percent of the median household income for the nation as established by the Census Bureau.

**AUTHORITY:** section 370.063, RSMo Supp. 1998.

**Title 4--DEPARTMENT OF  
ECONOMIC DEVELOPMENT**

**Division 105 —Credit Union Commission  
Chapter 3—Credit Union Membership and  
Chartering**

**PROPOSED RULE**

**4 CSR 105-3.020 Criteria for Additional  
Membership Groups**

**PURPOSE:** The purpose of this rule is to set forth the criteria the Director of the Division of Credit Unions will apply in determining whether or not one or more additional groups may be included in the membership of an existing credit union.

- (1) The Director will approve the addition of groups to a credit union's field of membership, if the director determines in writing that the following criteria are met:

(A) The credit union is operating in a safe and sound manner and is making satisfactory progress in addressing any adverse conditions or regulatory concerns that may exist.

(B) The credit union is "adequately capitalized." The Commission defines adequately capitalized, exclusively for the purpose of adding new membership groups, to mean that the credit union has a net capital ratio of not less than 7 percent. The Director may determine that a net capital ratio of less than 7 percent is adequate if the credit union is making reasonable progress toward meeting the 7 percent net capital requirement.

(C) The credit union has the administrative capability and the financial resources to serve the proposed group;

(D) The formation of a separate credit union by such group is not practical and consistent with

reasonable standards for the safe and sound operation of a credit union.

**AUTHORITY:** section 370.063, RSMo Supp. 1998.

**Title 4--DEPARTMENT OF  
ECONOMIC DEVELOPMENT**  
**Division 105 —Credit Union Commission**  
**Chapter 3—Credit Union Membership and  
Chartering**

**PROPOSED RULE**

**4 CSR 105-3.030 Economic Advisability**

**PURPOSE:** The purpose of this rule is to set forth criteria the Credit Union Commission has determined to be important for the likelihood of success in establishing and maintaining a new credit union.

- (1) Before approving a charter application for a new credit union the Director of the Division of Credit Unions must be satisfied that the credit union will be viable and that it will provide needed services to its members. Economic advisability, which is a determination that a potential charter will have a reasonable opportunity to succeed, is essential in order to qualify for a credit union charter.
- (2) The Division of Credit Unions will conduct an on-site investigation of each charter application to ensure that the proposed credit union can be successful. This investigation will include an evaluation of:
- (A) The character and fitness of proposed management;
- (B) The degree of membership support;
- (C) The adequacy of the proposed credit union's business plan.

**AUTHORITY:** section 370.063, RSMo Supp. 1998.

The Commission received a presentation from the Division of Credit Unions staff concerning a new proposed regulation for credit union contingency planning and a proposed revision of an existing regulation regarding thrift accounts.

The Commission will next meet by telephone conference call to review the revised language for support of adoption of the rules as an emergency and the revised fiscal impact statements when both are completed.

Commission meetings are open to the public.  
Once the date and time of the conference call is  
established, it will be posted on the Division's  
web site.

John P. Smith, Director